

DM DEVELOPMENT

SENATE & ASSEMBLY HOUSING COMMITTEE

FEBRUARY 2023

DM DEVELOPMENT



DM DEVELOPMENT PORTFOLIO

	Project	Location	Type	Status	Completion	Units	Size (GSF)	Project Cost
1.	188 Octavia	San Francisco	Multifamily Retail	Completed	2020	28	27,340	\$20,000,000
2.	Union House	San Francisco	Condo Retail	Completed	2020	41	92,609	\$76,000,000
3.	The Harland	Los Angeles	Multifamily	Completed	2020	49	174,915	\$120,000,000
4.	815 Tennessee	San Francisco	Condo Retail	Completed	2018	69	94,009	\$77,000,000
5.	450 Hayes	San Francisco	Condo Retail	Completed	2016	41	66,167	\$50,000,000
6.	400 Grove	San Francisco	Condo Retail	Completed	2015	34	44,414	\$35,000,000
7.	8 Octavia	San Francisco	Condo Retail	Completed	2014	47	70,153	\$50,000,000
8.	2301 Lombard	San Francisco	Condo Retail	Sold Upon Entitlement	2018	22	41,345	\$35,000,000
9.	2290 Third St	San Francisco	Multifamily Retail	Sold Upon Entitlement	2018	71	75,915	\$77,000,000
10.	321 Florida	San Francisco	Multifamily	Pre-development	2024	168	153,420	\$129,000,000
11.	1717 Bronson	Los Angeles	Multifamily	Pre-development	2025	349	311,796	\$173,000,000
12.	300 De Haro	San Francisco	Multifamily Retail	Pre-development	2025	450	213,625	\$187,000,000
						1,369	1,365,708	\$1,029,000,000

DEVELOPMENT PROCESS OVERVIEW



DEVELOPMENT PROCESS

SITE SELECTION

- Geography
- Zoning (Density, Height, Bulk, Housing Type, etc)
- Regulatory Issues (Entitlement Process, Special Assessments, etc)
- Market Analysis (Employment, Amenities, Transit, etc)
- Environmental Issues (Historical Resources, Hazmat, etc)
- Availability of Utilities

DEVELOPMENT PROCESS

SITE ACQUISITION

- Project Underwriting
 - Feasibility Study
 - Pro Forma Modeling (Costs, Revenues, Returns)
- Transaction
 - Offer
 - Negotiation
 - Due Diligence
 - Definitive Documents
 - Closing

DEVELOPMENT PROCESS

DESIGN + ENTITLEMENTS

- Concept / Schematic Design
- Preliminary Project Review (PPR)
- Preliminary Project Application (PPA)
- Project Application (PRJ)
 - Design Review
 - Environmental Review
- Community Outreach
- Public Hearings (Rec & Park, Historic Preservation, Planning Commission)
- Appeals
- CEQA Lawsuits

DEVELOPMENT PROCESS

PERMITS + FINANCING

- Design Development / Construction Drawings
- Permits (Excavation / Shoring, Site, Street Improvement, Demo, etc)
- Guaranteed Maximum Price (GMP) Contract with General Contractor
- JV Equity Agreement and Construction Financing Loan Docs

DEVELOPMENT PROCESS CONSTRUCTION + LEASING

- Manage General Contractor Through Vertical Development
- Change Order Review / Management
- Punch Lists / Project Opening
- Temporary / Final Certificate of Occupancy
- Manage 3rd Party Property Manager / Marketing / Leasing

SF MULTIFAMILY HOUSING PROJECT PRO FORMA

Land Acquisition Price	\$	11,200,000	
Closing Costs (Appraisal, Survey, Studies, Legal, etc)	\$	605,040	
Hard Costs	\$	81,775,000	
Soft Costs (Architecture, Engineering, Consulting, Taxes, Insurance, Bank Fees, PG&E, Legal, etc)	\$	12,162,366	
Development Fees	\$	3,383,173	
City Fees	\$	9,625,584	
Financing Costs	\$	9,359,562	
Contingency	\$	5,221,283	
Total Costs	\$	133,332,008	\$ 793,643 per unit
Rent PSF	\$	5.77	
Effective Gross Income	\$	7,597,200	
Operating Expenses	\$	2,239,605	
Net Operating Income	\$	5,357,595	
Return on Cost			4.0%

SF MULTIFAMILY HOUSING PROJECT PRO FORMA

Land Acquisition Price	\$	11,200,000			
Closing Costs (Appraisal, Survey, Studies, Legal, etc)	\$	605,040			
Hard Costs	\$	81,775,000			
Soft Costs (Architecture, Engineering, Consulting, Taxes, Insurance, Bank Fees, PG&E, Legal, etc)	\$	12,162,366			
Development Fees	\$	3,383,173			
City Fees	\$	9,625,584			
Financing Costs	\$	9,359,562			
Contingency	\$	5,221,283			
Total Costs	\$	133,332,008	\$	133,332,008	
Rent PSF	\$	5.77	\$	8.40	46%
Effective Gross Income	\$	7,597,200	\$	10,825,188	
Operating Expenses	\$	2,239,605	\$	2,814,434	
Net Operating Income	\$	5,357,595	\$	8,010,754	
Return on Cost		4.0%		6.0%	

SF MULTIFAMILY HOUSING PROJECT PRO FORMA

Land Acquisition Price	\$	11,200,000		
Closing Costs (Appraisal, Survey, Studies, Legal, etc)	\$	605,040		
Hard Costs	\$	81,775,000		
Soft Costs (Architecture, Engineering, Consulting, Taxes, Insurance, Bank Fees, PG&E, Legal, etc)	\$	12,162,366		
Development Fees	\$	3,383,173		
City Fees	\$	9,625,584		
Financing Costs	\$	9,359,562		
Contingency	\$	5,221,283		
Total Costs	\$	133,332,008	\$	89,293,250 -49%
Rent PSF	\$	5.77	\$	5.77
Effective Gross Income	\$	7,597,200	\$	7,597,200
Operating Expenses	\$	2,239,605	\$	2,239,605
Net Operating Income	\$	5,357,595	\$	5,357,595
Return on Cost		4.0%		6.0%

An aerial, high-angle photograph of a city street in San Francisco. The central focus is a large, modern, multi-story building with a grid-like facade of windows, which appears to be under construction or recently completed. The building is situated on a street that runs parallel to a steep hillside in the background. To the left of the main building is a parking lot filled with cars. To the right, there are other multi-story buildings and more trees. The overall scene is a dense urban environment. The text 'DM DEVELOPMENT' is overlaid in the center of the image.

DM DEVELOPMENT